

**THE HUNGARIAN LABOUR MARKET  
2019**

THE HUNGARIAN LABOUR MARKET

Editorial board of the yearbook series

IRÉN BUSCH – Head of Department, Ministry of Interior • KÁROLY FAZEKAS – senior research fellow, Institute of Economics, Centre for Economic and Regional Studies • JENŐ KOLTAY – senior research fellow, Institute of Economics, Centre for Economic and Regional Studies • JÁNOS KÖLLŐ – scientific advisor, Institute of Economics, Centre for Economic and Regional Studies • JUDIT LAKATOS – senior advisor, Hungarian Central Statistical Office • ÁGNES SZABÓ-MORVAI – research fellow, Institute of Economics, Centre for Economic and Regional Studies

Series editor

KÁROLY FAZEKAS

# **THE HUNGARIAN LABOUR MARKET 2019**

## **EDITORS**

**KÁROLY FAZEKAS  
MÁRTON CSILLAG  
ZOLTÁN HERMANN  
ÁGOTA SCHARLE**

**INSTITUTE OF ECONOMICS, CENTRE  
FOR ECONOMIC AND REGIONAL STUDIES,  
BUDAPEST, 2020**

Edition and production: Institute of Economics, Centre  
for Economic and Regional Studies.  
Copies of the book can be ordered from the Centre for Economic  
and Regional Studies.  
Mailing address: 4. Tóth Kálmán street, 1097 Budapest  
Phone: (+36-1) 309 26 49  
Fax: (+36-1) 319 31 36  
E-mail: [biblio@krtk.mta.hu](mailto:biblio@krtk.mta.hu)  
Web site: [https://www.mtakti.hu/en/publikacio/publikacio-kategoria/labour\\_market\\_yearbook/](https://www.mtakti.hu/en/publikacio/publikacio-kategoria/labour_market_yearbook/)

Translated by: Anna Kiss (*Foreword, In Focus: 2.3, K2.5, 3.2, 5.3, 5.5, 7.1, 8.1*); Krisztina Olasz (*The Hungarian Labour Market in 2018, In Focus: 2.1, 2.2, 2.5, 6.2, 7.2, 7.3, 8.2, Labour Market Policy Tools*); Dániel Tordai (*In Focus 2.4*) Heléna Hönich (*Pocketbook*); Éva Czethoffer (*Statistical Data*); Szolnoki Nikolett (*In Focus : Introduction, 1., 3.1, 3.3, 4.1, K4.1, 4.2, 5.1, K5.1, 5.2, 5.4, 6.1*)  
Revised by: Stuart Oldham

The publication of this volume has been financially supported  
by the Hungarian Academy of Sciences.

Copyright © Institute of Economics, Centre for Economic and Re-  
gional Studies, 2020  
Cover photo © Dániel Kovalovszky

**ISSN 1785-8062**

Publisher: Imre Fertő  
Copy editor: Anna Patkós  
Design, page layout: font.hu  
Typography: Garamond, Franklin Gothic

## CONTENTS

Foreword.....	9
The Hungarian labour market in 2018 ( <i>Tamás Bakó &amp; Judit Lakatos</i> ).....	15
Introduction .....	17
Drivers of change in employment .....	18
Labour supply and demand .....	24
Wages, income from work and labour costs .....	27
In Focus: Young people in education and in the labour market .....	33
Introduction ( <i>Márton Csillag, Zoltán Hermann &amp; Ágota Scharle</i> ) .....	35
1 Young people in the labour market and in education – changes between 2002 and 2018 ( <i>Márton Csillag, Ágota Scharle, Tamás         Molnár &amp; Endre Tóth</i> ) .....	37
2 School education .....	45
2.1 The impact of reading and mathematics test results on future earnings and employment ( <i>Zoltán Hermann, Dániel Horn, János             Köllő, Anna Sebők, András Semjén &amp; Júlia Varga</i> ) .....	45
2.2 The impact of school tracks on student performance in upper- secondary education ( <i>Zoltán Hermann</i> ) .....	53
2.3 Application to and admission into upper-secondary education ( <i>Zoltán Hermann &amp; Júlia Varga</i> ) .....	59
2.4 The effect of the 2013 vocational education reform on student achievement ( <i>Zoltán Hermann, Dániel Horn &amp; Dániel Tordai</i> ) .....	64
2.5 The impact of decreasing compulsory school-leaving age on dropping out of school ( <i>Zoltán Hermann</i> ) .....	70
K2.5 What do 17-year-olds who don't go to school do? ( <i>János Köllő &amp;         Anna Sebők</i> ) .....	77
3 Gaining work experience .....	79
3.1 Student work ( <i>Bori Greskovics &amp; Ágota Scharle</i> ) .....	79
3.2 The short-term labour market effects of apprenticeship training in vocational schools ( <i>Dániel Horn</i> ) .....	82
3.3 Casual and other forms of work ( <i>Bori Greskovics &amp; Ágota Scharle</i> ) ..	86
4 Early unemployment and later labour market outcomes .....	89
4.1 Does the economic recession have permanent effects? ( <i>Márton             Csillag</i> ) .....	89
K4.1 What are the consequences of young people entering the labour market during an economic crisis? International outlook ( <i>Endre Tóth</i> ) ..	92
4.2 Unemployment among labour market entrants ( <i>Márton Csillag</i> ) .....	95

5	The impact of employment policies .....	99
5.1	Job search behaviour of young people not in education, training or employment ( <i>Tamás Molnár</i> ) .....	99
K5.1	Job search channels ( <i>Tamás Molnár</i> ) .....	104
5.2	Active labour market instruments targeting young people and the Youth Guarantee Programme ( <i>Judit Krekó, Tamás Molnár &amp; Ágota Scharle</i> ) .....	105
5.3	The effect of the job protection action plan ( <i>András Svraka</i> ) .....	110
5.4	The role of the minimum wage in the evolution of young people's earnings ( <i>Márton Csillag</i> ) .....	112
5.5	Youth in public employment, with particular emphasis on early secondary school leavers ( <i>György Molnár</i> ) .....	115
6	The situation of Roma youth .....	121
6.1	Schooling and employment of Roma youth: changes between 2011 and 2016 ( <i>Ágota Scharle</i> ) .....	121
6.2	Neighbourhood-related differences in the share of youth not in education, employment or training before and after lowering the school-leaving age ( <i>János Köllő &amp; Anna Sebők</i> ) .....	126
7	Adult education and training and over-qualification .....	131
7.1	Workplace and non-formal education and training of youth ( <i>Júlia Varga</i> ) .....	131
7.2	The growing importance of non-cognitive skills in job search and at work ( <i>Károly Fazekas</i> ) .....	134
7.3	The labour market situation of young graduates, overqualification and the value of higher education degrees ( <i>Júlia Varga</i> ) .....	137
8	Geographic and occupational mobility .....	144
8.1	Occupational mobility among youth with different educational attainment levels ( <i>Júlia Varga</i> ) .....	144
8.2	Outward migration of youth – Young people working abroad ( <i>Ágnes Hárs &amp; Dávid Simon</i> ) .....	150
	Labour market policy tools (June 2018 – May 2019) ( <i>Miklós Hajdu, Ágnes Makó, Fruzsina Nábelek &amp; Zsanna Nyíró</i> ) .....	155
1.	Institutional changes .....	157
2.	Benefits .....	158
3.	Services .....	159
4.	Active labour market polices and comprehensive programmes .....	160
5.	Policy tools affecting the labour market .....	162
	Statistical data.....	167
1	Basic economic indicators.....	169
2	Population.....	171
3	Economic activity.....	174

4 Employment.....	182
5 Unemployment.....	192
6 Wages.....	209
7 Education .....	216
8 Labour demand indicators.....	221
9 Regional inequalities .....	224
10 Industrial relations.....	232
11 Welfare provisions .....	237
12 The tax burden on work .....	243
13 International comparison.....	247
14 Description of the main data sources.....	250
Index of tables and figures.....	256

AUTHORS

TAMÁS BAKÓ – IE CERS

MÁRTON CSILLAG – BUDAPEST INSTITUTE

ÉVA CZETHOFFER – CERS

KÁROLY FAZEKAS – IE CERS

BORI GRESKOVICS – BUDAPEST INSTITUTE

MIKLÓS HAJDU – CORVINUS UNIVERSITY OF BUDAPEST

ÁGNES HÁRS – KOPINT-TÁRKI

ZOLTÁN HERMANN – IE CERS

DÁNIEL HORN – IE CERS

JÁNOS KÖLLŐ – IE CERS

JUDIT KREKÓ – IE CERS

JUDIT LAKATOS – HUNGARIAN CENTRAL STATISTICAL OFFICE

ÁGNES MAKÓ – INSTITUTE FOR ECONOMIC AND ENTERPRISE RESEARCH

GYÖRGY MOLNÁR – IE CERS

TAMÁS MOLNÁR – BUDAPEST INSTITUTE

FRUZSINA NÁBELEK – INSTITUTE FOR ECONOMIC AND ENTERPRISE RESEARCH

ZSANNA NYÍRŐ – INSTITUTE FOR ECONOMIC AND ENTERPRISE RESEARCH

ÁGOTA SCHARLE – BUDAPEST INSTITUTE

ANNA SEBŐK – IE CERS

ANDRÁS SEMJÉN – IE CERS

DÁVID SIMON – ELTE TÁTK

ANDRÁS SVRAKA – MINISTRY OF FINANCE

JÓZSEF TAJTI – MINISTRY OF FINANCE

DÁNIEL TORDAI – CEU

ENDRE TÓTH – BUDAPEST INSTITUTE

JÚLIA VARGA – IE CERS